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**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

SEARS HOLDINGS CORPORATION, *et al.*,¹

Case No.18-23538 (RDD)

Debtors.

(Jointly Administered)

**OBJECTION OF MIDWEST TOOL AND CUTLERY COMPANY
TO DEBTORS' NOTICE REGARDING INITIAL DISTRIBUTION
PURSUANT TO ADMINISTRATIVE EXPENSE CLAIMS CONSENT PROGRAM**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

The Debtors also include SHC Licensed Business LLC (3718), filed as Case No. 18-23616, and SHC Promotions LLC (9626), filed as Case No. 18-23630 (the "Additional Debtors"). The Additional Debtors each filed a motion in their respective chapter 11 case requesting joint administration with the Debtors for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

Midwest Tool and Cutlery Company (“Midwest Tool”), by its undersigned counsel, for its Objection (“Objection”) to the Debtors’ Notice Regarding Initial Distribution Pursuant to Administrative Expense Claims Consent Program (“Notice”) [Docket No. 6186], states:

1. Midwest Tool is a creditor and party in interest in this case.
2. On April 8, 2019, Midwest Tool timely filed its amended Proof of Claim in the case of Debtor Sears, Roebuck and Co., being Claim No. 14672, with \$134,931.93 thereof constituting a Section 503(b)(9) administrative priority claim.
3. On November 5, 2019, Midwest Tool timely cast its Opt-In Ballot, Ballot ID #182353801019270, to affirmatively opt-in to the Debtors’ Administrative Expense Claims Consent Program with respect to Midwest Tool’s Section 503(b)(9) claim.
4. On November 12, 2019, the Debtors, through M-III Partners, L.P., the Debtors’ Restructuring Professional, acknowledged receipt of Midwest Tool’s Opt-In Ballot and requested that Midwest Tool provide supporting information for its administrative claim in the Excel format requested by the Debtors. Attached hereto as Exhibit A is a copy of the email chain evidencing these facts and the additional facts stated below.
5. On November 26, 2019, Midwest Tool delivered to M-III Partners its Excel document with supporting information concerning its Opt-In Ballot. On the same date, Midwest Tool received an acknowledgement from M-III Partners of receipt of such supporting documentation. In pertinent part, M-III Partners stated that “[t]he Debtors’ AP system does not show 4 invoices noted in the attached file provided by Midwest Tool.”
6. On November 27, 2019, Midwest Tool provided copies of the 4 invoices that had been identified in M-III Partner’s aforementioned November 26, 2019 email.

7. On December 1, 2019, M-III Partners responded to thank Midwest Tool for the copies of the subject invoices. M-III Partners further indicated that it would “forward the invoices to Sears to determine why they are not in the AP system and will send the detail for the credits Monday morning.” M-III Partners further requested that Midwest Tool indicate who their Sears contacts had been, so that the relevant invoices could be directed to the correct persons.

8. On December 2, 2019, M-III Partners was provided with the names of Midwest Tool’s pre-petition contacts at Sears.

9. Since providing the last requested information on December 2, 2019, Midwest Tool has received no further communication from M-III Partners, notwithstanding Midwest Tool’s counsel’s attempts to obtain status updates. Furthermore, M-III Partners has failed to deliver the alleged supporting detail for the Debtors’ asserted credit of \$1,414.05, which M-III Partners had promised would be delivered on December 2, 2019.

10. At no time, prior to receiving the Notice, was Midwest Tool advised that the Initial Distribution would be made on December 13, 2019, nor that Midwest Tool would not be entitled to participate therein without capitulating to the Debtors’ initial reconciliation, nor was Midwest Tool provided a proposed settlement agreement.

11. Midwest Tool has acted in good faith to attempt to timely reconcile its claim. Under the circumstances, the Debtors have acted arbitrarily in apparently not attempting to complete the reconciliation and settlement of Midwest Tool’s administrative claim in a timely manner, and therefore, have denied Midwest Tool due process.

12. At the very least, equity requires that the Debtors include in their Initial Distribution, pursuant to the Notice, a distribution to Midwest Tool for the undisputed portion of

Midwest Tool's administrative priority claim, which, according to the Debtors, is not less than \$104,477.65.

13. Midwest Tool concurs and joins in any objections of similarly situated creditors with respect to the Notice and the Initial Distribution which are not inconsistent herewith.

WHEREFORE, for the foregoing reasons, Midwest Tool respectfully requests that the Court require the Debtors to include Midwest Tool in the Initial Distribution, and grant to Midwest Tool such other and further relief as is consistent with this Objection and as may be just and proper in the circumstances.

Dated: December 13, 2019

HONIGMAN LLP

Attorneys for Midwest Tool and Cutlery Company

By: /s/ Lawrence A. Lichtman

Lawrence A. Lichtman (Michigan Bar # P35403)

Admitted Pro Hac Vice

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SEARS HOLDINGS CORPORATION, *et al.*,¹

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Debtors.

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CERTIFICATE OF SERVICE

I hereby certify that, on December 13, 2019, I caused to be electronically filed the foregoing papers with the Clerk of the Court using the CM/ECF system which will send notification of such

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filing to all CM/ECF participants.

By: /s/ Lawrence A. Lichtman
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